



JURNAL FAIRNESS

ISSN (print): 2303-0348;

ISSN (online): 2303-0372

Available online at <https://ejournal.unib.ac.id/fairness>

Green Accounting and Corporate Social Responsibility (CSR) : Literature Review

¹Amanda Alvi Nurdiantoto, ²Indah Oktari Wijayanti^{2,3} Lulu Amalia Nusron
¹²Master of Accounting, University of Bengkulu, Universitas PGRI Yogyakarta
amandaalvi77@gmail.com

ARTICLE INFO

ABSTRACT

Article history:

Received: 14 November 2024

Revised: 01 Desember 2024

Accepted: 12 Desember 2024

Keywords:

Green Accounting, Corporate Social Responsibility, Sustainability, Corporate Social Responsibility, Business Practices

This review literature aims to explore the relationship between green accounting and Corporate Social Responsibility (CSR) in the context of business sustainability. Green accounting, which focuses on measuring and reporting the environmental impact of a company's activities, plays an important role in supporting CSR initiatives aimed at improving corporate social and environmental responsibility. Through an analysis of various case studies and relevant literature, this review identifies the benefits of implementing green accounting, including improved company reputation, operational efficiency, and stakeholder satisfaction. However, challenges such as lack of understanding, high initial costs, and resistance to change are also faced in the implementation of these practices. The conclusion of this review emphasizes the importance of integrating green accounting in CSR strategies to achieve better sustainability goals. Recommendations for further research and business practices are also presented, with the hope of encouraging companies to be more active in adopting green accounting and CSR as part of their long-term strategies.

Introduction

In the era of globalization and rapid technological development, the issue of environmental sustainability and corporate social responsibility (CSR) is increasingly becoming a major concern among stakeholders, including consumers, investors, and the government. As Elkington (1997) stated, "Companies are not only measured by financial gain, but also by the social and environmental impact of their operations." Green accounting, as one of the approaches in accounting that focuses on measuring and reporting the environmental impact of business activities, has emerged as an essential tool to support sustainability practices. According to Gray (2010), "Green accounting provides the necessary framework for measuring and reporting environmental impacts, which is increasingly important in the context of CSR." In addition, research by Schaltegger and Burritt (2010) shows that "the integration of green accounting in corporate strategies can increase transparency and accountability to stakeholders." This is in line with the view of Porter and Kramer (2006) who stated that "Effective CSR can create value for companies and society, thereby encouraging innovation and sustainability." Thus, green accounting not only serves as a reporting tool, but also as a driver of positive change in business practices. Climate change, declining biodiversity, and environmental pollution are some of the major

challenges facing the world today. According to a report from the Intergovernmental Panel on Climate Change (IPCC), the impact of climate change can threaten the sustainability of life on earth if not taken seriously (IPCC, 2021). In this context, companies are expected to not only focus on financial gains, but also consider the social and environmental impacts of their activities. CSR emerged in response to these demands, where companies are expected to contribute to the well-being of society and the environment. Green accounting is an increasingly important concept in the modern business world, especially in the context of sustainability and corporate social responsibility (CSR). With increasing awareness of environmental issues, companies around the world are beginning to adopt accounting practices that focus not only on financial gains, but also on the environmental impact of their operations. According to Gray (2010), "Green accounting provides the necessary framework for measuring and reporting the environmental impact of business activities." In addition, Schaltegger and Burritt (2010) state that "Green accounting practices allow companies to integrate environmental considerations into strategic decision-making." This article aims to provide a literature review on the importance of green accounting in supporting CSR and corporate sustainability, in line with Elkington's (1997) view which emphasizes that "Companies must consider their social and environmental impacts to achieve long-term sustainability."

Literature Review and Research

The purpose of this literature review is to explore the relationship between green accounting and CSR, as well as to identify the challenges and opportunities faced by companies in implementing green accounting practices as part of their CSR strategy. This review will cover various aspects, including the basic definition and concepts of green accounting, CSR principles, as well as case studies of companies that have successfully implemented green accounting in their CSR practices.

The importance of this research lies in the need to understand how green accounting can contribute to the success of CSR. With increasing awareness of environmental and social issues, companies that are able to integrate green accounting into their CSR strategies will have a competitive advantage in the market. In addition, this research is also expected to provide insights for academics, practitioners, and policymakers in formulating more effective strategies to achieve sustainability.

Definition of Green Accounting

Green accounting, or what is often referred to as environmental accounting, is the process of measuring, disclosing and managing information related to the environmental impact of a company's activities. According to Burritt and Schaltegger (2010), green accounting includes the measurement of environmental costs and benefits, as well as the disclosure of relevant information to stakeholders. The main goal of green accounting is to increase the transparency and accountability of companies to the environmental impacts caused.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a concept in which a company commits to operating ethically and contributing to economic development while improving the quality of life of its employees, their families, local communities, and society as a whole. According to Carroll (1999), CSR consists of four main components: economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility. In this context, green accounting can be considered part of a company's ethical responsibility.

The relationship between Green Accounting and CSR

Green accounting and CSR are closely interrelated. Green accounting practices can support CSR initiatives by providing the information necessary to measure and report on the environmental impact of a company's activities. Additionally, companies that implement green accounting tend to be more transparent in their CSR reports, which in turn can improve the company's reputation in the eyes of stakeholders.

Benefits of Green Accounting in CSR

1. **Increased Transparency:** By implementing green accounting, companies can provide clearer and more accurate information regarding the environmental impact of their operations. It helps stakeholders to understand the company's commitment to sustainability.
2. **Better Decision-Making:** The information generated from green accounting can be used by management to make better decisions regarding investment and resource management.
3. **Improved Reputation:** Companies that are active in green accounting and CSR tend to have a better reputation in the eyes of consumers and investors, which can have a positive impact on financial performance.
4. **Regulatory Compliance:** Many countries are now implementing regulations that require companies to report their environmental impact. Green accounting helps companies to meet these requirements.

Methodology

This literature review will use a qualitative approach by collecting and analyzing various relevant literature sources, including journal articles, books, and industry reports. These sources will be evaluated to identify key themes and trends in green accounting and CSR, as well as to uncover existing challenges and opportunities. This review will be divided into several parts, starting with the definition and principles of green accounting, followed by the concept of CSR and its relationship with green accounting. Furthermore, the challenges faced by companies in implementing green accounting will be discussed, as well as the benefits that can be obtained from this practice. Finally, this review will present case studies of companies that have successfully implemented green accounting in their CSR strategies, concluding with conclusions and recommendations for further research.

Results and Discussion

Green accounting and CSR are closely interrelated. Green accounting practices can support CSR initiatives by providing the information necessary to measure and report on the environmental impact of a company's activities. Additionally, companies that implement green accounting tend to be more transparent in their CSR reports, which in turn can improve the company's reputation in the eyes of stakeholders.

Benefits of Green Accounting in CSR

1. **Increased Transparency:** By implementing green accounting, companies can provide clearer and more accurate information regarding the environmental impact of their operations. It helps stakeholders to understand the company's commitment to sustainability.
2. **Better Decision-Making:** The information generated from green accounting can be used by management to make better decisions regarding investment and resource management.
3. **Improved Reputation:** Companies that are active in green accounting and CSR tend to have a better reputation in the eyes of consumers and investors, which can have a positive impact on financial performance.
4. **Regulatory Compliance:** Many countries are now implementing regulations that require companies to report their environmental impact. Green accounting helps companies to meet these requirements.

Case Studies

Unilever is one of the multinational companies that has adopted green accounting and CSR practices effectively. In their sustainability report, Unilever revealed its commitment to reducing their environmental footprint by reducing carbon emissions, conserving water, and reducing waste. Through green accounting, Unilever can measure the impact of these initiatives and report them to stakeholders. The results show that Unilever reports that they have successfully reduced carbon emissions from their factories by 52% per product sold since 2008. In addition, they are also committed to achieving net-zero emissions by 2039. The green accounting practices implemented allow Unilever to track their progress and communicate it to the public.

PT. Astra International Tbk, one of the leading companies in Indonesia, also implements green accounting in its operations. The company has CSR programs that focus on the environment, education, and health. In their annual report, Astra revealed various initiatives that have been carried out to reduce environmental impacts, such as waste management programs and the use of renewable energy. By implementing green accounting, Astra can measure and report on the impact of these initiatives, which in turn improves the company's reputation in the eyes of the public.

Challenges in the Implementation of Green Accounting and CSR

While the benefits of green accounting and CSR are clear, there are several challenges that companies face in their implementation. One of the main challenges in the implementation of green accounting and CSR is the lack of understanding and awareness among management and employees. Many companies, especially smaller ones, may not fully understand this concept and its benefits. This can lead to resistance to change and hinder the adoption of more sustainable practices.

The implementation of green accounting often requires significant initial investment in new technologies, training, and reporting systems. Companies may feel burdened by these costs, especially if they don't see any obvious short-term benefits. According to Schaltegger and Burritt (2010), companies need to consider the costs and long-term benefits of green accounting practices. Many companies, especially smaller ones, may not have enough resources to implement green accounting effectively. These limitations can result in inconsistent or incomplete implementations, which in turn can reduce the effectiveness of green accounting.

Conclusion and Limitations

This review literature has examined the relationship between green accounting and Corporate Social Responsibility (CSR) in the context of modern business. From the analysis carried out, it can be concluded that green accounting and CSR complement each other. Green accounting provides the necessary framework for measuring and reporting the environmental impact of business activities, while CSR emphasizes corporate social responsibility to stakeholders and society. The implementation of green accounting not only provides environmental benefits, but also financial and reputational benefits for the company. Companies that implement green accounting practices tend to have better performance in terms of operational efficiency and cost reduction. By adopting green accounting and CSR, companies can improve relationships with stakeholders, including customers, investors, and communities. This can increase customer loyalty and attract investors who care about sustainability.

While this review literature provides valuable insights into green accounting and CSR, there are some limitations that need to be noted: the available literature may not cover all aspects or perspectives related to green accounting and CSR. Some studies may have a narrow focus or do not cover specific local contexts. The implementation of green accounting and CSR can vary significantly between industries and countries. Therefore, findings from one context may not be fully applicable to another. Many of the existing research may not reflect the latest developments in green accounting and CSR practices. With the rapid changes in regulations and stakeholder expectations, it is important to keep up to date with information and analysis.

Reference

- Burritt, R. L., & Schaltegger, S. (2010). Sustainability accounting and reporting: developments in the last decade and future directions. *Accounting, Auditing & Accountability Journal*.
- Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business & Society*.
- Schaltegger, S., & Burritt, R. (2010). Sustainability accounting for companies: Catching the new wave. *Sustainability Accounting and Reporting*, 1, 1-24. https://doi.org/10.1007/978-94-007-1756-5_1

- Porter, M. E., & Kramer, M. R. (2006). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, 84(12), 78-92.
- Adams, C. A. (2004). The Ethical, Social and Environmental Reporting-Performance Gap. *Accounting, Auditing & Accountability Journal*, 17(5), 731-757.
- Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Capstone Publishing.
- Gray, R. (2010). Is accounting for sustainability actually accounting for sustainability? *Accountability, Sustainability and the Role of Accounting*, 1(1), 1-20. <https://doi.org/10.1108/9781786350073-001>
- Intergovernmental Panel on Climate Change. (2021). *Climate change 2021: The physical science basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge University Press. <https://doi.org/10.1017/978100915789>